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AT&T

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September 1, 2000

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, DC 20554

Re: Ex Parte – Access Charge Reform, CC Docket No. 96-262/
Request for Emergency Relief of the Minnesota CLEC Consortium and the Rural Independent Competitive Alliance, DA 00-1067; Mandatory Detariffing of CLEC Interstate Access Services, DA 00-1268

Dear Ms. Salas:

Yesterday afternoon Daniel Meron of Sidley & Austin representing AT&T and I met with Anna Gomez, Legal Advisor to FCC Chairman William E. Kennard. We advised Ms. Gomez that, although AT&T had previously ordered interstate originating access services from CTSI, Inc., Mid-Rivers Telephone Cooperative, Inc., and Rainier Cable, Inc., AT&T has since determined that the access charges assessed by these competitive local exchange carriers ("CLECs") are many times the corresponding rates charged by incumbent providers in those same service areas, and that AT&T's continued use of their services at those inflated rates cannot be economically

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justified. On May 15, 2000, AT&T advised the three CLECs that it is canceling originating switched access services from those vendors.[1]

Additionally, AT&T advised Ms. Gomez, in order to assure compliance with the decisions in MGC Communications, Inc. v. AT&T Corp., 15 FCC Rcd 11647 (Com.Car.Bur.1999), aff'd, 15 FCC Rcd 308 (1999), AT&T intends to transmit letters to its presubscribed business and residence customers in the three CLECs' service territories, advising the customers of AT&T's cancellation of the CLECs' originating access services. The notification letters also advise those subscribers that they must arrange for service from another local carrier before that date to be assured of retaining AT&T as their long distance carrier. Copies of those specimen customer notices are also being provided to CTSI, Mid-Rivers and Rainier.

In addition, attached is a copy of the document used as an outline to discuss the issues involved in this action.

In accordance with Section 1.1206(a)(2) of the Commission's rules, two copies of this notice are being submitted to the Secretary of the Commission for inclusion in the public record of the above-captioned proceedings.

Very truly yours,

Attachments
cc: A. Gomez

AT&T contends that it had already canceled switched access service from CTSI, effective August 22, 1998.

High Priced CLEC Access Rates

- Consistent with the decision in the MGC case, AT&T is planning to discontinue the purchase of originating access with 3 CLECs:
  - CTSI - New York and Pennsylvania
  - Mid-Rivers - Montana
  - Rainier Cable - Washington

High Priced CLEC Access (Cont.)

- Timing
  - May 15 - 18th - AT&T informed the CLECs of our decision to terminate the purchase of originating access effective August 1st.
  - Late July - AT&T informed the CLECs that the termination date would be deferred. No set date was provided.
  - Week of Sept 6th - AT&T will inform CLEC of the revised termination date. (Oct. 16 - Nov. 1)
  - Week of Sept. 11th - AT&T will inform its customers who use these CLECs for local service of the termination date.

CLEC Information

- These companies are wholly owned subsidiaries of ICOs who are expanding
- Reach is into more densely populated areas.
  - Allentown, PA
  - Reading, PA
  - Syracuse, NY
  - Kent, WA

CLEC Access Rate Comparison

- CTSI vs. ILEC (Verizon)
  - PA - Inter. +1,200%
  - PA - Intra. +43%
  - NY - Inter. +1,300%
  - NY - Intra. +110%

CLEC Access Rate Comparison Cont.

- Mid-Rivers vs. ILEC (Qwest)
  - MT - Inter. +1,000%
  - MT - Intra. +200%
- Rainer vs. ILEC (Qwest)
  - WA - Inter. +2,400%
  - WA - Intra. +200%

High Priced CLEC Access Rates

- IXCs cannot afford uneconomic access rates
- Important to address issue due to drastic recent growth
- Marketplace can work
  - MGC
  - Other CLEC negotiations have succeeded
- ILEC rates are fully compensatory
- IXC customers should not bear the burden of CLEC local entry